

President, and his son Alex; Rep. Grace F. Napolitano; California State Sens. Gloria Negrete McLeod, Christine Kehoe, and Ronald S. Calderon; California State Assemblywoman

Norma J. Torres; and Ed Kjaes, senior engineer, Electric Vehicle Technical Center, Southern California Edison.

Remarks at a Town Hall Meeting and a Question-and-Answer Session in Los Angeles, California

March 19, 2009

The President. Thank you so much. It is good to be here. It is good to be here. Although I was hoping that the Governor was going to take a little longer on his remarks, because I was standing outside soaking in some rays. [Laughter] Nothing like California weather.

I am greatly honored to be joined here by one of the great innovators of State government, somebody who has been leading California through some very difficult times, and somebody who has turned out to be just an outstanding partner with our administration. I'm grateful for him; I'm grateful for the first lady of California. Please give it up for Arnold Schwarzenegger and Maria Shriver. Thank you.

Another outstanding public official, somebody who is fighting every day on behalf of the working people of Los Angeles and has a vision for the future for this great city, please give a huge round of applause to your mayor, Antonio Villaraigosa. Somebody who's always been ahead of his time and has covered the waterfront in public service and has excelled in each thing that he's done, please, a big round of applause for your attorney general, Jerry Brown.

Some other friends who are here, State Auditor Elaine Howle—where's Elaine? Right here. Speaker of the Assembly, a great supporter of Obama from the start, Karen Bass; Senate President pro tem Darrell Steinberg is here. State Senator Gil Cedillo is here. Assemblyman John Perez is here. Your two wonderful United States Senators are not here, but I want you to applaud them anyway, because they work for us each and every day, Dianne Feinstein and Barbara Boxer. Congresswoman Lucille Roybal-Allard is not here, but she is

your Congresswoman, so give her a big round of applause. And last person I want to mention—well, two other people I want to mention—I believe that my Secretary of Labor, Hilda Solis, is here in the house.

I also want to make this point. We are in a facility named after one of the finest labor leaders in this region's history and in this country's history, Miguel Contreras. And Miguel's widow is a great friend of mine, a great supporter, a great labor leader in her own right. Please give it up for Maria Elena Durazo. Maria Elena was one of our earliest supporters at a time when nobody gave us a chance. She said, "*Si se puede.*" We could do it. And we're grateful to her. Thank you so much.

It's always nice to get out of Washington—at least for a little bit—and to come to places like this. The climate is nicer. So is the conversation sometimes. [Laughter] So I am looking forward to taking your questions and hearing about your concerns. And I look forward to telling you about the work my administration is doing to address some of those concerns.

But the one thing I don't need to tell you is that these are challenging times. I don't need to tell you this because you're living it every day. Between December of last year and January of this year, this State lost more than half a million jobs; 1 out of every 10 Californians is now out of work. Housing prices here have fallen 20 percent in the past year, and you've got one of the highest foreclosure rates in the Nation.

So your public servants are working double overtime to address these critical issues. And I know how tough times are in Los Angeles, in California, but also all across the country.

Here's what I want you to remember, though: We are going to meet these challenges; we will come out on the other side stronger and a more prosperous nation. That I can guarantee you. I can't tell you how long it will take, what obstacles we'll face along the way, but I promise you this: There will be brighter days ahead.

Because of the Recovery Act that I signed into law last month—and that your two outstanding Senators, Feinstein and Boxer, worked so hard to pass—we're making major investments to create jobs right here in California rebuilding infrastructure, weatherizing homes, and putting more police on the streets, supporting community health centers. Altogether, we expect to create or save more than 396,000 jobs in this State over the next 2 years.

But we also know that we can't create as many jobs as we want or rebuild our economy the way we hope without addressing the problem at the heart of this economic crisis, and that's our housing crisis. We know that fixing that crisis, breaking that cycle of falling home values and rising foreclosures, is one of the keys to fixing our economy.

And that's why we've launched a housing plan that will help millions of responsible homeowners save money by refinancing or modifying their mortgages. Our plan included important steps to help lower interest rates. And today, millions of Americans, people who never thought they'd be able to lower their monthly payments, are now able to take advantage of these rates, which are the lowest that they have been in decades.

Already, we're seeing a burst of refinancing. Refinancing applications jumped 30 percent last week to more than double the rate we had last fall, saving the average homeowner hundreds of dollars a month, the equivalent of a generous tax cut. That's money in their pocket, money you can use right now to pay your bills or pay off your debts or save up for a rainy day, to save for retirement or that college education for your child.

And today we launched a new web site called makinghomeaffordable.gov, to help borrowers determine whether they're eligible for our plan and to help them calculate how much money

the plan could save them on their mortgage, on their monthly payments.

And keep in mind, this is in addition to the \$8,000 tax credit for first-time homebuyers that's in our recovery plan. And if you buy your home—your first home—any time between now and December 1st, you can claim that credit this year, on your 2008 tax return, and receive that money in as little as 10 days. So if you haven't filed your taxes yet, but you're thinking about buying a house—[laughter]—you can request a 6-month extension until October 15th and claim the credit before then. Or if you've already filed your taxes or you wish to do so before April 15th, you can just amend your form later this year after you've bought your home and get your money then.

Look, the idea here is very simple: If you buy a home this year, you should be able to get your tax credit this year. That's when you need it most. That's how we'll help people start spending again. That's how we'll help raise home values, stabilize our housing market, create new jobs again. That's our plan. That's what we're going to do right here in California.

Now, I'm also pleased to announce that today California will be receiving \$145 million from the Department of Housing and Urban Development to provide additional help to communities hardest hit by the foreclosure crisis. So these funds will be used to buy up and rehabilitate vacant and foreclosed homes and resell those homes with affordable mortgages and to provide mortgage assistance and rehabilitation loans for low-income and middle-income families. That's how we'll help people here in California live their dream of homeownership and how we'll start transforming abandoned streets lined with empty houses back into thriving neighborhoods.

Now, we know that it's not enough to address challenges like housing and infrastructure and job creation just in the short term. None of this will make a difference unless we build an economy that offers prosperity in the long run. We can't go back to a bubble-and-burst economy based on reckless speculation and spending beyond our means, where a relative few do spectacularly well while the middle class loses ground. We can't go back to a culture on Wall

Street that says it's okay to bend or break the rules and a culture in Washington that says it's okay to look the other way. We can't go back to that.

We can't allow what happened at AIG to ever happen again in this country. I know a lot of people are outraged about this; I'm outraged too. The idea that some of the very people who drove our economy into the ground could accept bonuses with one hand while they're taking taxpayer money with the other goes against our most basic sense of what's fair and what's right. I'm committed, as President, to ensuring that we have the tools to prevent the kinds of abuses that sent AIG spiraling in the first place, so we never again put our financial system at that kind of risk, and we're not held hostage by companies that are, quote, unquote, "too big to fail."

We also want to do this because it serves the most important goal we have today, which is to rebuild our economy in a way that's consistent with our values, an economy that rewards hard work and responsibility, not high-flying financial schemes; an economy that's built on a strong foundation, not one that's propelled by an overheated housing market or everybody maxing out on their credit cards. We need to bring about a recovery that endures.

You remember—remember that ad where it used to say, "We earn money the old-fashioned way; we earn it." Right? "We make money the old-fashioned way; we earn it." That's what we have to do. We have to get back to the principle of hard work and innovation and dedication. And that's exactly the purpose of the budget I'm submitting to Congress. It's a budget that makes hard choices about where to save and where to spend. Because of the massive deficit we inherited and the cost of this financial crisis, we're going through our books, line by line, so that we can cut our deficit in half by the end of my first term and reduce it by \$2 trillion over the next decade.

Now, I know that the Governor is having to make these same tough choices. There are going to be initiatives here that talk about the need for everybody to chip in, everybody to give a little something up in order to get our fiscal house in order. We're going to have to

do that same thing at the Federal level. Mayor Villaraigosa has got to do the same thing with respect to city budgets. These are tough times. What we won't do, though, is cut investments that will lead to real growth and real prosperity over the long term, investments that will make a difference in the lives of this generation and future generations.

So because we know that spiraling health care costs are crushing families and dragging down the entire economy, and because we know it represents one of the fastest growing parts of our budget, we've made a historic commitment to health care reform in this budget, reform that brings us closer to the day when health care is affordable and accessible for every single American. That's something we've got to shoot for. It's time. It's time. It's time.

We know and we've got three principals right here in the front row—we know that—we know and they know that countries that out-educate us today will outcompete us tomorrow. And that's why my budget invests in a complete and competitive education for every American, in early childhood education programs that work, in high standards and accountability for our schools, in finally putting the dream of a college degree or technical training within reach for anybody who wants it.

Because we know that enhancing America's competitiveness will require reducing our dependence on foreign oil and building a clean energy economy, this budget will spark the transformation we need to create green jobs and launch renewable energy companies right here in California. It makes clean energy the profitable kind of energy and invests in technologies like wind power and solar power and fuel-efficient cars and trucks and high-speed rail—powered by batteries like the one I saw in Pomona earlier today—all of which will help us combat climate change. That's got to be a priority. That's what this budget does.

Now, here's what this budget doesn't do. It doesn't raise taxes on any family making less than a 150—\$250,000 a year, by a single dime. In fact, 95 percent of all working families will

receive a tax cut as a result of our recovery plan.

Now, there are those who say these plans are too ambitious, that anything we should be trying to do is just focused on the banking crisis, that we should be trying to do less not more. In fact, somebody was saying the other—today, I think, that I shouldn't be on Leno. [Laughter] I can't handle that and the economy at the same time.

Listen, here's what I say. I say our challenges are too big to ignore. The cost of our health care is too high to ignore. Our dependence on oil is too dangerous to ignore. Our education deficit is too wide to ignore. To kick these problems down the road for another 4 years or 8 years, that would be to continue the same irresponsibility that led us to this point in the first place. And I did not run for President to pass on our problems to the next generation. I ran for President to solve these problems for the next generation and for the next President. So I—that's what you want.

I know some folks on Washington and on Wall Street are saying we should just focus on their problems, and I understand the thinking behind that. It would be nice if I could just pick and choose what problems to face, when to face them. So I could say, well, no, I don't want to deal with war in Afghanistan right now, and I'd prefer not having to deal with climate change right now. And if you could just hold on—even though you don't have health care, just please wait, because I've got other things to do. [Laughter]

But that's not how things work. That's not how it works for you. You don't get to choose between paying your mortgage bills or your medical bills. You don't get to choose between paying your kids' tuition and saving enough for retirement. You've got to take all those problems on at the same time, and you need a government that will do the same. That's what leadership is about; that's what the debate on this budget is all about—about whether we're willing to do what it needs to be done to get our economy moving and put people back to work and put us on the road to shared and lasting priorities. That's what I'm going to do. That's what I'm going to focus on. We're going to get it done with your help. I need you all.

Okay. All right. This is the fun part of the program. Everybody have a seat. This is the fun part of the program. Now, first of all, we haven't prescreened anybody. So if you don't like me, go ahead and just say, you know, "You're a bum." That's okay. Hold on, hold on one second. Just hold on. [Laughter] Just a couple of rules. First of all, we're going to go girl, boy, girl, boy. I'm not going to be able to get to every question, so, people, raise your hands. I'll try to get as many as possible; we'll try to go around the room.

There are people with microphones in the audience—this young lady, for example—an example. So wait until she gets there so everybody can hear your question. And the only other thing is, since we have a lot of people and not that much time, if everybody could try to keep their question relatively short that will be helpful. Okay? And stand when I've called on you. You don't need to stand before I've called on you, but stand when I've called on you.

Okay, this young lady in the black right here, she gets the first question. Introduce yourself too.

Health Care Reform

Q. My name is Patricia Zae.

The President. Hey, Patricia.

Q. Hi. First, I want to say I'm very glad and thankful that you are our President. And 5 years ago I told my friend Tim that Barack Obama will be President, and he said, no, not in my lifetime there won't be a black President. And I said, "Just wait a few years." And when you won I said, "I told you so."

The President. See there. Always satisfying to say, "I told you so."

Q. And he was very happy. But he was very happy for me to tell him so.

The President. Good.

Q. So my question is, you talk about health care, which usually means insurance after you're sick. What about making our lifestyle healthier? Like we have corn syrup, we have trans fats, in all that food—those things are illegal in Europe. And I know people that go to Europe and they overeat, but they lose weight because our—their foods don't have all the hormones and the additives. And also, you know

that Clinton put legislation into—that limited the dumping of mercury into the rivers, and then you-know-who came into office and took that legislation away, and now the——

The President. Okay, all right, all right, all right.

Q. ——are out of control.

The President. Okay. Let me answer your first question.

Q. Are you going to put that legislation——

The President. Okay. First of all, if you burn that many calories asking a question—[laughter]—you know, I mean, she's fired up. So you'll be able to eat whatever you want.

Q. No, not trans fats——

The President. Anyway, all right, let me answer your question. And that—did you just hit—hand the mike to somebody else.

This is actually a serious question. You're exactly right that if we are going to reform our health care system, what we can't do is simply add more people to a hugely inefficient system that is costing us more and more each and every year, because eventually it will bankrupt families, it will bankrupt State governments, and it will bankrupt the country.

So the only way that we can initiate true health care reform is if we control costs. And one of the most important ways for us to control costs is to deal with the issue of prevention, which means making sure that we have proper nutrition programs in our schools, making sure that we've got effective physical education programs for our children. It means making sure that everybody has access to a primary care doctor and that they are getting regular checkups, that we are avoiding preventable diseases like diabetes that are helping to shoot our medical costs through the roof.

So that's going to be a huge component of whatever health care reform package that I sign, is a major push towards prevention. There's some other areas where we can do some important cost savings as well. Information technology—the Recovery Act provides billions of dollars just putting our medical records online so—[inaudible].

Okay, hold on one second. If we've got a replacement mike that would be helpful, because this one's going in and out a little bit.

You got one? Well, no, but you need that for your guys. There we go.

Let's—okay, that's good. But these—if everybody's data—medical data is in digital form with important privacy protections, we can reduce medical errors, we can make sure that doctors and nurses, pharmacists are all communicating more effectively. We'll have, actually, better quality in hospitals, and we will also be driving down costs. So there are a whole host of measures that we put down payments on, on the recovery package, but we've got to get our budget passed in order to actually make it happen.

One last point I'll make; something that has not been getting a lot of attention. We signed a renewal of the Children's Health Insurance Program that added millions of children, including children of legal immigrants, into the mix. That's an important tool to prevent long-term diseases that can cost us a lot of money.

All right, the gentleman right here. The gentleman right here with the beard.

Americans With Disabilities

Event staff member. [Inaudible]

Q. No, I'm unable to stand up. I believe that I'm entitled to an exception of that rule under the ADA.

Event staff member. Oh, I'm so sorry.

Q. I forgive you.

The President. Go ahead.

Q. Okay.

The President. Introduce yourself.

Q. I'm Gary Karp, and Mr. President, thank God for you. Sir, my question regards the true renaissance that's happening with people with disabilities. They are an emerging population, millions of people with more potential in capacity, more mobile, more educated, more healthy, more empowered technology, but still trapped in very, very old social models that see them in terms of tragedy and charity and need and care. And the modern population of people with disabilities simply does not fit that model.

And as your plan succeeds and you generate these jobs, and as baby boomers retire, we're going to need every single person of capacity to work that we can. And that must include

many, many, many thousands, if not millions, of people with disabilities.

So—I see you nodding your head, so my first question is, do you subscribe to what I’m saying, and next of all, can you talk about how your disability agenda will release this emerging potential that’s currently wasted and untapped?

The President. Well, you are exactly right, that we need everybody. And every program that we have has to be thinking on the front end, how do we make sure that it is inclusive and building into it our ability to draw on the capacities of persons with disabilities. That’s true on the education front where our recovery package increases funding for children with disabilities. It is true in terms of how Hilda Solis, our Secretary of Labor, will be thinking about our training programs, to make sure that we are not excluding from training for high-tech jobs—the new jobs of the future—persons with disability. It means enforcing the ADA and fighting back on some of—court opinions that have tried to narrow, in ways that I think are inappropriate, the original intent of that legislation.

So one of the things that I think is important is to make sure, as you pointed out, that we don’t see this as an afterthought, a segregated program, but we are infusing every department, every agency, every act that we take with a mindfulness about the importance of persons with disabilities, their skills, their talents, their capacity. That I think is the approach that my administration is going to take, and we hope that by taking that approach that attitude will infuse State and local governments that are also receiving Federal money. Okay?

This young lady right here has had her hand up for a while.

Taxes/Use of Economic Stabilization Funds

Q. Hello, Mr. President——

The President. Don’t worry, I’m going to get around. Hold on a second, I’m going around. Go ahead.

Q. Hello.

The President. Hi.

Q. My name is Sharnette.

The President. Hey, Sharnette.

Q. And first of all, I would just like to say, as a mixed-race individual, it’s so fantastic to finally have a role model and a leader that I can actually identify with, so thank you.

The President. Well, that’s nice. Thank you.

Q. They’re haven’t been a whole lot, growing up. So, okay, so my question is specific to California. As you know, we have one of the highest costs of living in the U.S. here. A household income that is considered middle or upper class in any other State wouldn’t go very far here. However, the tax laws and the recent economic stimulus address household income on a national level and do not take into account the cost of living by State, as far as I know. California now has, as you mentioned before, a higher unemployment rate than the national average; we make up one-third of Nation’s foreclosures.

So what I want to know is, what can be done to address California’s unique and—unique situation and stimulate the economy here in California, and like you mentioned, just be prosperous into the future, keeping in mind, again, household incomes. And we’re not really apples-to-apples with other States, but we’re taxed as if we are.

The President. Well, look, I mean, obviously, there’s differentiation between States both in terms of cost of living, but also in terms of salaries. And generally, those are taken into account through the deductions that are available through the Tax Code. I would say that the biggest problem, though, is probably not—in our Tax Code—is not the difference between how Californians are treated and people in Idaho are treated. The bigger difference actually has to do with how people inside California are treated by the Tax Code.

So if you are a multimillionaire who get most of your income from dividends and capital gains, then you’re typically paying 15 percent of your income in taxes at the Federal level. But if you’re a secretary making \$30,000 a year in wages, then you’re paying a higher rate. Now, so the secretary is paying a higher rate than Warren Buffett as a percentage of their income. That’s the inequity that I think is most destructive, because what it’s done is, over the last decade the average working family has seen their

median income flatline; their wages and income have not gone up.

On the other hand, people who were at the very top of the income scale, and I'm now included in that category, we've seen all the benefits of economic growth when things were going well. And I actually think that contributes to a cycle of bubble and bust. And if we have a situation in which middle class people are earning a decent living, where we've got bottom-up economic growth, then I think that's good for everybody. I think ultimately that's good for businesses. I think it's good for rich folks, because when the economy rises, everybody does well. And you don't get as many distortions as you've gotten in this sort of bubble-and-bust cycle that we've had.

Now, there are some things in California that we are doing that focus on particular needs here. We just talked—Governor Schwarzenegger and Mayor Villaraigosa—here in Los Angeles, for example, there is an enormous opportunity to deal with traffic and transit and transportation in a way that will relieve congestion, make this economy more efficient, more productive. But the needs of Los Angeles in terms of transportation dollars are going to be different from the needs of somebody in a predominantly rural State.

And one of the things that we want to do in terms of how transportation dollars flow is to start emphasizing the fact that the vast majority of people live in suburbs or in cities in metropolitan regions, and how can we do a better job in planning and coordinating regionally so that you aren't in your car for 2 hours a day. There are things that we can do that end up being specific to the situation of the economy in California, but generally, California often-times gets hit worse when recessions come, but you also rise up faster when the economy starts to recover. So I'm confident California will continue to be on the cutting edge of our economy.

All right, it's a guy's turn, so ladies, put your hands down. [Laughter] It's a guy's turn. This gentleman right here, right here.

Q. Mr. President, I really don't have a question, but I'd like to offer up to you a young lady by the name of Lena Kennedy who hosted you

in Pasadena as possibly your domestic policy adviser for children and families.

The President. Oh, okay. [Laughter] All right.

Q. And my name is John Kennedy.

The President. Okay, John. [Laughter] All right, well, we'll—does she know that you were just doing that?

Q. No. Oh, no.

The President. That's a shame. She's going to be all embarrassed. [Laughter] All right, since that wasn't really a question, I'm going to call on another guy.

Gentleman back there in the cap, right there. Let's get a microphone. Right there.

National Economy

Q. Thank you.

The President. What's your name?

Q. My name is Peter Graff. I immigrated here from Germany, and last summer, I was very excited when you had that wonderful reception in Berlin.

Now, former Vice President Cheney used to say deficits don't matter. But since you inherited his mess, the national debt has been growing and growing and no ending in sight. I'm very happy you are in the White House, but for the first time I'm worried about this country, the stability and the future.

My question: How—is there a chance that we may follow in the footsteps of Iceland and one day just simply be broke? That's the question.

The President. No. [Laughter]

Q. Thank you.

The President. No. But, you know, there is a chance that we leave such a mountain of debt to the next generation that it makes them poor over the long term, because we're having to borrow from foreign countries, make interest payments to other countries, and that over time standards of living here are lower than they should be relative to other countries. So we've got to get control of our deficit.

Now, you're right, I inherited a \$1.3 trillion deficit. And we saw the national debt double during the previous administration, which is why when I hear—generally, I'm a—I try to be a bipartisan guy, but when I hear some folks

from the other party in Congress start howling about the deficits, I'm starting to think, well, where have you been? What have you been doing?

I mean, you would've thought a good time to do something about deficits was when the economy was going good, right? You would have thought that's when you would have been saving away a little bit. If you had inherited a surplus, you would have thought that maybe, you know, we'll maintain that. So I don't put much stock in some of those political attacks. But what is true is that the path we're on right now is unsustainable.

So here's what we have to do. Our most immediate and urgent task is to put people back to work and get the economy rolling again. That's the thing we have to do right now. And that means that for the next couple of years, we're going to have to tolerate much higher deficits than I'm comfortable with, not just for the recovery package, but the money that we've had to put in to deal with the financial crisis. The fact that people are out of work means they are needing unemployment insurance, they need additional—there are greater needs for food stamps. All sorts of pressures and strains are placed on State government and local governments during a deep recession like this one.

So we've got to suffer some big deficits while we move into recovery. The worst thing we could do is not worry about recovery, slash government spending at the same time as businesses are slashing their spending and consumers are slashing their spending. That creates a downward spiral that could make things even worse.

But as soon as we start seeing a recovery—and my hope is, is that over the next couple of years, we will have started moving again, building back up—then what we have to do is build in a pathway for reducing our deficits. We've already, in this budget, slated that in the out years we're going to reduce nondiscretionary—nondefense discretionary spending. Everything other than defense spending and entitlements like Social Security and Medicare, we're going to reduce those to the lowest level relative to GDP of any time since the 1960s.

I've also said that we are going to end the Iraq war, which is going to save us money during that period of time. We are going to have to reform Medicare, and that's part of the overall health care reform that we were talking about earlier. If we can get control of health care costs as a whole, then we can start bending the curve of costs for Medicare and Medicaid.

So we are already making some tough choices, reducing the deficit by \$2 trillion, but we're going to have to do more. And the biggest thing we're going to have to do is take on Medicare and Medicaid health care costs. That's going to be the most important thing that we can do over the long term. All right.

Okay. It's a woman's turn. This young lady back there, go ahead.

Education Reform at the Local Level

Q. Hello, Mr. President, my name is Blanca Aguilar Gomez. And this question is on behalf of my sister, who's a public school teacher for the Los Angeles Unified School District, and on behalf of all the children, which is over 700,000 children—the second-largest school district in the Nation—we need help.

Even with the best leadership that we have currently with the district, with Board President Monica Garcia and the new superintendent, Ray Cortines, you know, we don't—the State doesn't have the money, and we're having to lay off thousands of teachers, you know, it's scary for our children.

You know, even with the stimulus packet, in 3 years, I think, we're going to be in a deficit of \$1.3 billion. Where are we going to get that money?

The President. Well, this is why—before we came on, the Governor and I were talking. And the fact is, is that we are massively ramping up education spending at the Federal level, on a whole variety of fronts. But historically most education funding is done at the State level, at the local level.

So we may be able to take education funding at the Federal level from 7 percent to 9 percent, for example, but the lion's share is still going to be coming locally. And that's why it's so important for everybody to be engaged in the various initiatives that are going to be coming up, to

make sure that what you just articulated, the need to invest in our kids, that that is reflected in terms of State budgets.

Now, one thing I've got to say, though—and I think I speak for every public official here—you can't have something for nothing. You can't have something for nothing. I was in the White House, and we had done this event when we signed stem cell research, and a woman who was in the audience, she came up to me and she shook my hand and she said, "Oh, President Obama, I'm very excited, but you just had this health care forum—please, please, I hope your plan is free health care for all." And I said, "Listen, nothing is free." Nothing is free.

So the reason I make that point is you can't ask local elected officials to raise teachers' salaries and cut taxes and balance the budget and increase roads. At some point you've got to make some choices. So if you want a high quality education—and California historically had the best education system in the country—then somebody has got to pay for it.

Now, the obligation of local officials—and this is the same—is true on the Federal Government—our obligation is to make sure that every dime of money is being spent wisely, every dime of money is being spent wisely.

And when it comes to education—and I'm speaking to teachers here and educators—let me say this—I want to do some truth-telling here. Uh-oh. *[Laughter]* I love teachers. There is no profession that is more important than teaching. My sister is a teacher, but—and I am a huge supporter of the teachers' unions. They were some of my first supporters. But let me tell you, you can't just be talking more money, more money, without also talking about how are we going to reform and make the system better. There's got to be a reform agenda in exchange for the money. There's got to be a reform agenda in exchange for the money.

So don't just say, give us more money or smaller classrooms, but you're not willing to consider, for example, how are we going to do better assessments. Or how are going to work to improve teacher performance, and if a teacher is not improving, how do we get them to choose a different career, right? I mean,

there's got to be some serious conversation about that.

Now, before I get off the topic of the education, let me do a little more truth-telling. Parents, you can't complain about the schools and complain about the teachers, but when your child comes home, they're playing video games and not doing homework, and you don't have time to go to your teacher and parent—teacher-parent meeting. Our parents have to instill a sense of excellence and a thirst for knowledge.

And the truth of the matter is, even as overcrowded as schools may be, as poor the computer equipment may be, if you took a bunch of kids right now from China or India and you put them in these classrooms, from their perspective these would be unbelievable schools. I mean, they don't have better facilities, but they're out-performing us in math and science. Why is that? Well, part of it is, is that we as parents are not insisting and demanding on the kind of higher performance from our kids. So everybody has got to be more accountable in order to improve our education system.

All right. It's a man's turn. I'm going to turn back here—this guy in the green shirt, right here. Everybody likes you, man. What, is he on like "Gossip Girl" or something? I don't—*[laughter]*—I didn't recognize him, but maybe he's—is he a movie star? Who's got a mike? Go ahead.

Changing America

Q. Not a movie star, just one of your volunteers.

The President. There you go.

Q. And they're all around here. And in my book, that's even more powerful. I guess that's the fundamental question I have is, there's such a passion in this country, and you inspired such a passion for us to do things that we never had before in the name of volunteerism, in the name of making you become our President—like—and thank you to everyone that was involved with that.

My question is, clearly this is not something you can do alone in terms of changing our country. How can we best partner with you,

how can we be most effective, moving forward, to change this country?

The President. Well, the first thing, I think, is patience. No, I'm serious about this, because, look, there was a lot of excitement during the campaign, and we were talking about the importance of bringing about change. We are moving systematically to bring about change. But change is hard. Change doesn't happen overnight. And the change we bring has to be matched by a sense of responsibility, because if you try to just change things overnight and you haven't thought everything through, you could have some real problems.

So for example, I closed Guantanamo. That was the right thing to do. But I made the—but in making that decision I said we're going to take a year to figure out how are we going to deal with the folks who are detained there, some of whom really are dangerous folks, who if we just release them could do us harm. I believe that we are going to be able to effectively balance our national security needs with our civil liberties concerns, but it's not something that happens overnight. We've got to do it systematically.

On the economy, this financial crisis that we've had is the largest since the Great Depression. I understand how mad everybody is about this AIG bonus business. I understand that. As I said before, I'm mad. And even though I didn't draw up these AIG contracts, my White House didn't—it's my responsibility to fix the system. But fixing the system requires us understanding that if banks are not solvent, if they are not lending, then businesses are not going to be able to invest; we are not going to be able to create jobs. And we can be as mad as we want, but the fact of the matter is, we've got to work through this huge mess that was made in the financial system. It's going to cost some money. It's not going to be pretty; people are going to be frustrated. And we are going to get it done. So on a whole range of these fronts, the first thing we need from the American people is a sense that we are going to get it done, but it's going to take a little bit of time.

The second thing is keep paying attention to the debates that are taking place right now, so when we have a big budget debate—I want ev-

erybody who was paying so much attention during the election to be as interested—what's going on in terms of education spending, what's going on in terms of higher health care spending, are the investments we're planning to make on energy, are they right ones? Because, again, we're going to have some tough choices to make.

I can't just keep on—I can't print money. And so if we are going to make a serious investment in clean energy, well, that requires that we phase out dirty energy. And that requires that we stop subsidizing certain things and instead subsidize other things. Somebody is not going to be happy about that because they've been getting the subsidies, so they will start running ads on television saying this is a terrible energy plan.

And you've got to pay attention and educate your coworkers and educate your friends and your family. And we're not—my administration also—here's one last claim I want to make, a guarantee. We are not always going to be right, and I don't want everybody disappointed if we make a mistake here or there. The important point is, are we moving in the right direction; are we, generally speaking, consistent with our campaign promises; are we reflecting the values of hard-working middle class Americans who are trying to see Washington work for them?

And that's one thing I can assure you of, is that 4 years from now, you are going to be able to look back and you're going to say, "You know what—A, the guy worked hard on what he said he was going to work hard on during the campaign, and he may not have gotten everything perfect, but we are moving in the right direction." That's what we've—that's what we're going to be focused on over the next few years.

All right, I've only got time for a couple more questions. All right. I've got to—I'm trying to look. I'm going to go way up there. Way up there. Yes, that young—it's a young lady's turn right there. Right there.

Financial Aid for Higher Education/Voluntarism

Q. Hi, President Obama. My name is Kirsten Perry, and I'm a recent college graduate. My mom is a teacher and my dad is a disabled

carpenter, so needless to say, I have accrued a significant amount of student loan debt. And I want to know what your administration is going to do for young people like me who are educated, who are new to the workforce, who would be ready to enter the housing market, ready to invest in small business, ready to take lower paying jobs like teaching, but can't because we're burdened with an excess of student loans?

The President. Right, well, it's a great question. It's a great question. Here's what we're going to be doing going forward, so let me start there. In our current budget, we are calling for mandatory increases in Pell grant programs to keep up with inflation, improvements in the Perkins loan program. We are going to cut out the middle men, banks that are making huge profits on student loans, just make those loans that are federally guaranteed directly to the students. That will save us billions of dollars that will allow us to expand student loan assistance and grant assistance to more people.

So we've got a significant increase in student loan support slated in this budget. Now, I recognize, though, if you've already graduated then that may not—that will be cold comfort for you. And one of the things that we're trying to figure out is are there ways that we can lower interest rates or principal on some of the existing student loans that are out there by consolidation or other tools. We have not announced an official program on that front, but we do believe that there are going to be some things that we can do.

This is an example, by the way, of where the banking reforms that we are talking about are so important. We just announced some changes, for example, in the ability of the student loan market, the secondary market of securitized student loans to be purchased in such a way that we can reduce the interest rates on student loans for everybody. But if we don't help the banks it's going to be hard for us in order to lower some of these student loan rates. So a lot of these things are intertwined, and we've got to make sure that we deal with that.

The last point I want to make—I expect that over the next couple of weeks, maybe even

next week, we are going to be in a position to sign a national service bill coming from the House and the Senate, and as part of this, what we're going to be doing is expanding programs like the Peace Corps and Teach For America and other mechanisms, other avenues where you can make a decision as a young person to teach for 3 years or to serve in the Peace Corps or to serve in the Foreign Service or volunteer in some fashion in your communities and help finance your education in the process. And I think there are young people all across California, all across America, who are interested in that opportunity, and I want to give that opportunity to you.

All right. Okay, this is the last question. You know, I'm going to—on the last question I think I—hold on a second, I think I want to call on—I want to call on a young person, a student. But it's got to be a guy—it's a guy. No, no, you're not that young. you sit down. [Laughter] That guy right there. The young guy in the T-shirt, or in the tie—in the tie. This young man right here. That guy right there.

All right, you've got to stand up, though. You look good in that tie.

Education Reform

Q. Hi, my name is Ethan. President Obama, our school is in big trouble because of budget cuts are—25 of our teachers already have been fired, to get pink slips. And the whole school, my class, we made this.

The President. Oh, you made—are those letters for me?

Q. Yes.

The President. What's your name?

Q. Ethan Lopez.

The President. Ethan Lopez. How old are you, Ethan?

Q. Eight.

The President. Eight. So what grade are you in?

Q. Third grade.

The President. Third grade. Do you like school?

Q. Yes.

The President. Yes, you do? Is that your mom next to you?

Q. Yes.

The President. Yes. She looks very nice. [Laughter] Well, let me—as I said before, Ethan, we’re going to do everything we can to protect our teachers. We already passed a law in Washington that’s going to give more money to the State to help keep teachers in their jobs. And one of the things that we didn’t talk about earlier, we’re also going to be putting more money into school construction, because there are a lot of overcrowded schools and overcrowded classrooms that don’t—aren’t wired for the Internet effectively. And we are going to make sure that we invest in that as well, because I want you to get a first-class education.

What do you want to be when you grow up, have you decided yet?

Q. Yes.

The President. What would you like to be?

Q. A cop.

The President. A cop. That’s what I’m talking about, all right.

Well, I can tell that you will be an outstanding police officer. Your mom is proud of you. We’re all proud of you. Give Ethan a big round of applause.

Thank you, everybody. God bless you.

NOTE: The President spoke at 1:18 p.m. at the Miguel Contreras Learning Center. In his remarks, he referred to State Attorney General Edmund G. “Jerry” Brown, Jr., of California; Maria Elena Durazo, secretary treasurer, Los Angeles County Federation of Labor, AFL-CIO; and Warren E. Buffet, chairman, Berkshire Hathaway, Inc.

Interview With Jay Leno of “The Tonight Show” in Burbank, California March 19, 2009

Mr. Leno. I’m excited, I’m honored to introduce my first guest, the 44th President of the United States, please welcome President Barack Obama.

The President. Thank you.

Mr. Leno. Good to see you.

The President. It is good to see you and—[applause]. Thank you. Let me just say, I think Kevin looks good in a suit. [Laughter]

Kevin Eubanks. Thank you, sir. Thank you, sir.

The President’s Previous Visit/Life as President of the United States

The President. He looks a little like Secret Service. [Laughter]

Mr. Leno. He does, yes. And you’re the only guy who can get him to wear it. [Laughter]

Now, you know, it’s funny, because the last time you were here, you walked in, you had your jacket on your finger, and you had the two guys with you—

The President. Right.

Mr. Leno. —and that was it. Big change?

The President. You know, the—I was mentioning earlier, we landed yesterday, and then—this is an example of life in the bubble—we landed at the fairground down in Costa

Mesa, and I see the fairground where I think we’re having this town hall, and I said, “Well, why don’t we walk over there?” Secret Service says, “No, sir, it’s 750 yards.” [Laughter] So I was trying to calculate—well, that’s like a 5-minute walk? “Yes, sir. Sorry.” [Laughter] Now, they let me walk on the way back, but, you know, the doctor is behind me with the defibrillator. [Laughter]

Mr. Leno. Wow.

The President. Michelle jokes about how our motorcade—you know, we’ve got the ambulance and then the caboose and then the dog sled—[laughter]—there’s the submarine. [Laughter] There’s a whole bunch of stuff going on.

The President’s First Days in Office/National Economy

Mr. Leno. Now it’s only, what, 59 days now, right?

The President. Yes, 59 days.

Mr. Leno. And so much scrutiny. Is it fair to judge so quickly? I mean—

The President. Well, look, we are going through a difficult time. I welcome the challenge. You know, I ran for President because I thought we needed big changes. And I do think